MANITOBA BROILER HATCHING EGG COMMISSION

FIFTH ANNUAL REPORT

FISCAL YEAR ENDING DECEMBER 31, 1989

92-01319/

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THE MANITOBA BROILER HATCHING EGG COMMISSION
201 - 666 St. James Street
WINNIPEG, Manitoba
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September 5, 1990

Manitoba Natural Products
Marketing Council
901-401 York Avenue
Winnipeg, Mb.
R3C 0P8

Attention: Mr. G. H. MacKenzie, Secretary

Dear Mr. MacKenzie:

Pursuant to Section 9 (5) of The Manitoba Broiler Hatching Egg Marketing Plan, we are pleased to present the Fifth Annual Report of the Manitoba Broiler Hatching Egg Commission.

Respectfully submitted

THE MANITOBA BROILER HATCHING EGG COMMISSION

Russell W. Scott
Chairman/General Manager

RWS/md

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INTRODUCTION

This report presents a brief overview of the broiler hatching egg sector of the Manitoba chicken industry during the 1989 year.

We have included items such as copies of new orders or regulations which have been approved by the commission as well as copies of those which have been amended during the year.

In regard to production statistics, we have previously relied on figures published by Agriculture Canada in the Hatchery Review notwithstanding the fact that difficulties had been encountered in reconciling to those numbers. The third quarter 1989 Hatchery Review figures showing inter-provincial movement of broiler hatching eggs between Manitoba and other provinces were so irregular that Agriculture Canada staff were able to be convinced that their system of gathering information required revision. This review has yet to be concluded.

MEETINGS

During 1989, the Commission convened fourteen meetings.

COMMISSION MEMBERS

Members of the Commission and staff remain as listed below:

Russell W. Scott	Winnipeg	Chairman
Ron Drohomereski	Teulon	Vice Chairman
Blair McLaughlin	Neepawa	Member
John Suderman	Steinbach	Member
Frank Taylor	Winnipeg	Member
Margaret Domaschuk	Winnipeg	Secretary

December 31, 1989 registrations were as follows:

Producers:		37
Hatcheries:	Regular	4
	Seasonal	4

Quota Allocation at December 31, 1989:

Basic Quota:	139,043 birds
Laying Hen Quota:	139,043 birds

PULLET CHICKS PLACED FOR BROILER SUPPLY FLOCKS
MANITOBA 1989/88

	W/E	No.Chicks	Y.t.D./89	Y.T.D./88	VARIANCE 1989/88
Jan	14	4,000	4,000	4,000	0
	21	0	4,000	4,000	0
	28	0	4,000	4,000	0
Feb	4	0	4,000	4,000	0
	11	0	4,000	4,000	0
	18	8,000	12,000	19,000	(7,000)
	25	2,000	14,000	19,000	(5,000)
Mar	4	0	14,000	19,000	(5,000)
	11	3,000	17,000	19,000	(2,000)
	18	4,000	21,000	31,000	(10,000)
	25	4,000	25,000	31,000	(6,000)
Apr	1	0	25,000	31,000	(6,000)
	8	0	25,000	31,000	(6,000)
	15	3,000	28,000	34,000	(6,000)
	22	7,000	35,000	34,000	1,000
	29	0	35,000	42,000	(7,000)
May	6	0	35,000	45,000	(10,000)
	13	0	35,000	45,000	(10,000)
	20	12,000	47,000	70,000	(23,000)
	27	3,000	50,000	70,000	(20,000)
Jun	3	9,000	59,000	73,000	(14,000)
	10	0	59,000	73,000	(14,000)
	17	0	59,000	73,000	(14,000)
	24	0	59,000	73,000	(14,000)
Jul	1	0	59,000	73,000	(14,000)
	8	0	59,000	76,000	(17,000)
	15	6,000	65,000	83,000	(18,000)
	22	0	65,000	83,000	(18,000)
	29	6,000	71,000	83,000	(12,000)
Aug	5	0	71,000	83,000	(12,000)
	12	1,000	72,000	83,000	(11,000)
	19	10,000	82,000	83,000	(1,000)
	26	0	82,000	95,000	(13,000)
Sep	2	13,000	95,000	100,000	(5,000)
	9	0	95,000	103,000	(8,000)
	16	10,000	105,000	103,000	2,000
	23	0	105,000	108,000	(3,000)
	30	0	105,000	108,000	(3,000)
Oct	7	5,000	110,000	111,000	(1,000)
	14	0	110,000	115,000	(5,000)
	21	3,000	113,000	118,000	(5,000)
	28	0	113,000	118,000	(5,000)
Nov	4	1,000	114,000	118,000	(4,000)
	11	7,000	121,000	118,000	3,000
	18	0	121,000	118,000	3,000
	25	0	121,000	125,000	(4,000)
Dec	2	9,000	130,000	133,000	(3,000)
	9	0	130,000	142,000	(12,000)
	16	0	130,000	142,000	(12,000)
	23	3,000	133,000	148,000	(15,000)

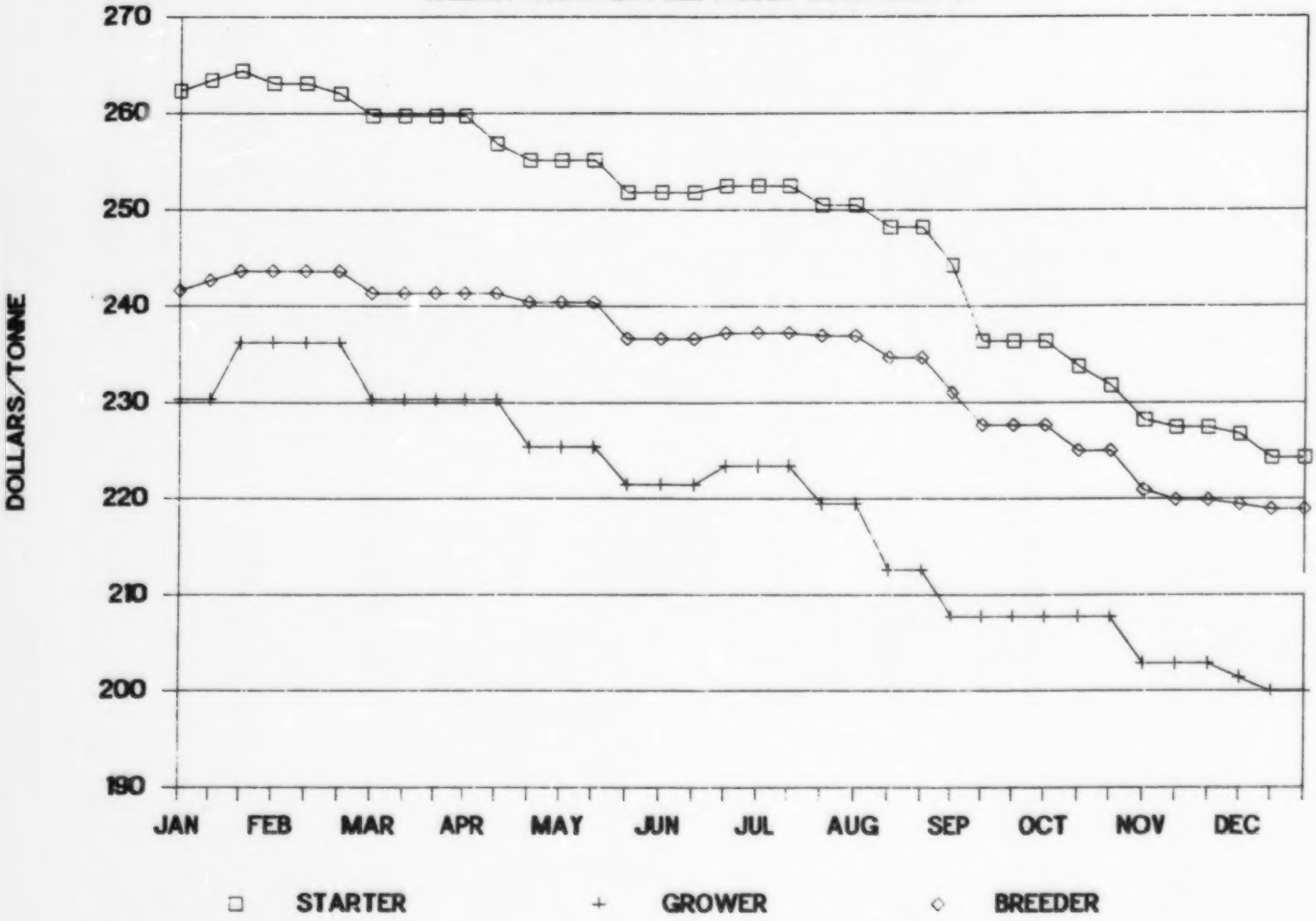
Source: Poultry Market Report

LIVESTOCK FEED BOARD OF CANADA

AVERAGE FEED PRICES:MANITOBA,1989
(F.O.B. Mill Door,Bulk/Tonne)

Date	Starter (17.18%)	Grower (14.15%)	Breeder (16.18%)
Jan 6	$262.37	$230.30	$241.58
20	$263.43	$230.30	$242.65
27	$264.41	$236.18	$243.63
Feb 3	$263.11	$236.18	$243.63
17	$263.11	$236.18	$243.63
24	$262.04	$236.18	$243.63
Mar 3	$259.75	$230.30	$241.34
17	$259.75	$230.30	$241.34
31	$259.75	$230.30	$241.34
Apr 7	$259.75	$230.30	$241.34
21	$256.81	$230.30	$241.34
28	$255.18	$225.40	$240.36
May 5	$255.18	$225.40	$240.36
12	$255.18	$225.40	$240.36
26	$251.81	$221.48	$236.59
Jun 2	$251.81	$221.48	$236.59
23	$252.46	$223.44	$237.25
30	$252.46	$223.44	$237.25
Jul 7	$252.46	$223.44	$237.25
14	$252.46	$223.44	$237.25
28	$250.50	$219.52	$236.92
Aug 4	$250.50	$219.52	$236.92
18	$248.21	$212.66	$234.63
25	$248.21	$212.66	$234.63
Sep 8	$244.25	$207.76	$231.00
15	$236.37	$207.76	$227.67
29	$236.37	$207.76	$227.67
Oct 6	$236.37	$207.76	$227.67
20	$233.71	$207.76	$225.00
27	$231.75	$207.76	$225.00
Nov 3	$228.20	$202.86	$220.94
10	$227.45	$202.86	$219.94
24	$227.45	$202.86	$219.94
Dec 1	$226.72	$201.39	$219.45
15	$224.27	$199.92	$218.96
29	$224.27	$199.92	$218.96

LIVESTOCK FEED BOARD OF CANADA



THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Broiler Hatching Egg Price Order No. 1, 1989*

Regulation 132/89
Registered May 29, 1988

Definition
1 In this regulation,

"saleable chick" means a chick hatched from a broiler hatching egg which is suitable for sale by a hatchery operator for chicken production.

Minimum Price
2 Subject to section 3 hereof, the minimum price at which a broiler hatching egg produced within the province may be sold by any broiler hatching egg producer to a hatchery operator, until further order of the Commission, is hereby fixed as follows:

(a) for a broiler hatching egg forming part of a shipment of broiler hatching eggs which, upon incubation by the hatchery operator, hatch at a rate of 80% or more - 31.75¢ per saleable chick,

(b) for a broiler hatching egg forming part of a shipment of broiler hatching eggs which, upon incubation by the hatchery operator, hatch at a rate of 75% or more but less than 80% - 31.25¢ per saleable chick,

(c) for a broiler hatching egg forming part of a shipment of broiler hatching eggs which, upon incubation by the hatchery operator, hatch at a rate of 70% or more but less than 75% - 30.75¢ per saleable chick,

(d) for a broiler hatching egg forming part of a shipment of broiler hatching eggs which, upon incubation by the hatchery operator, hatch at a rate below 70% - 30.25¢ per saleable chick.

Delivery adjustment to price
3(1) In the event a broiler hatching egg producer delivers broiler hatching eggs to the hatchery operator, the hatchery operator shall pay to such producer, in addition to the amount calculated pursuant to section 2 hereof, the sum of .167¢ per broiler hatching egg so delivered to the hatchery operator.

3(2) In the event a hatchery operator picks up broiler hatching eggs from the facility of a broiler hatching egg producer, the hatchery operator may deduct from the amount payable to such producer for such eggs a sum not to exceed .167¢ per broiler hatching egg so picked up by the hatchery operator.

* This order is made under The Manitoba Broiler Hatching Egg Marketing Plan Regulation, Manitoba Regulation 240/87 R.

Higher prices permitted

4 This order does not prevent a broiler hatching egg producer from selling, or a hatchery operator from purchasing, broiler hatching eggs at a price in excess of the minimum price determined pursuant to this order.

Repeal

5 Manitoba Regulation 285/88 is repealed.

Coming into force

6 This order comes into force on June 4, 1989 or on the date it is filed with the Registrar of Regulations, whichever shall be the later.

May 23, 1989

THE MANITOBA BROILER HATCHING EGG COMMISSION:

Russell W. Scott
Chairman

Ron Drohomereski
Vice-Chairman

The Queen's Printer for the Province of Manitoba

THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Broiler Hatching Egg Administration Fee Regulation*

Regulation 148/89
Registered June 12, 1989

Fees on marketing

1 A fee is hereby imposed on every broiler hatching egg producer of four-tenths of a cent (.4¢) per broiler hatching egg marketed by him to a hatchery operator.

2 The fee imposed under section 1 of this regulation shall be due and payable by the producer to this Commission at the time and place of the marketing of the broiler hatching eggs by the producer.

3 Every hatchery operator who receives broiler hatching eggs from a producer shall deduct from the monies payable for such eggs, all fees payable by such producer to this Commission and shall forward to this Commission at its office, 201-666 St. James Street, Winnipeg, Manitoba R3C 3J6, not later than fifteen (15) days from the last day of the month in which such broiler hatching eggs were marketed.

Fees on hatching

4 A fee is imposed on every broiler hatching egg producer of four-tenths of a cent (.4¢) per broiler hatching egg used by him for hatching purposes.

5 Every broiler hatching egg producer shall pay to this Commission at its office, 201-666 St. James Street, Winnipeg, Manitoba R3G 3J6, all fees imposed on him under section 4 of this regulation in respect of eggs hatched by him in any month, not later than fifteen (15) days from the last day of the month in which such broiler hatching eggs were placed in an incubator.

6 A fee is hereby imposed on every hatchery operator of one-half of a cent (.5¢) per chick produced by him, provided that no such fee is imposed with respect to broiler hatching eggs

(a) purchased by such hatchery operator from a broiler hatching egg producer; or

(b) produced by that hatchery operator in his capacity as a broiler hatching egg producer provided that such hatchery operator has forwarded to this Commission, the fee imposed with respect to such broiler hatching eggs under section 1 or section 4 of this regulation.

7 Every hatchery operator shall pay to this Commission, at its office, 201-666 St James Street, Winnipeg, Manitoba, R3G 3J6, all fees imposed on him under section 6 of this regulation in respect of chicks produced by him in any month, not later than fifteen (15) days from the last day of the month in which such chicks were produced.

* This regulation is made under the Manitoba Broiler Hatching Egg Marketing Plan, Manitoba Regulation 240/87 R and is Regulation 1/89 of the Commission.

Effective date
8 This regulation shall come into force on June 4, 1989 or on the date it is filed with the Registrar of Regulations, whichever shall be later.

Repeal
9 Manitoba Regulations 290/87 and 144/88 are repealed.

May 23, 1989

THE MANITOBA BROILER HATCHING EGG COMMISSION:

Russell W. Scott
Chairman

Ron Drohomereski
Vice-Chairman

APPROVED

June 9, 1989

THE MANITOBA NATURAL PRODUCTS MARKETING COUNCIL:

Howard M. Motheral
Chairman

Gordon H. MacKenzie
Secretary

The Queen's Printer for the Province of Manitoba

THE NATURAL PRODUCTS MARKETING ACT
(R.S.M. 1987, c. N20)

Broiler Breeder Laying Hen Quota Order*

Regulation 295/89
Registered December 19, 1989

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PART I
INTERPRETATION

Definitions
1 In this order:

"basic quota" means a base measurement in quantity of laying hens from which the broiler breeder laying hen quotas of a registered producer are established;

"down-time" with respect to a facility of a registered producer means the period of time specified by the Commission (being part of the production period of such Producer for that facility) during which such producer may not raise or keep laying hens in that facility;

"facility" means any building, structure, equipment or land used for raising or keeping laying hens;

"immediate family" means an individual's spouse, parent, child, grandchild, or the spouse of the individual's child or grandchild;

"laying hen" means a broiler breeder laying hen that is twenty-four (24) weeks of age or older;

"Laying Hen Possession Certificate" means a certificate issued by the Commission to a registered producer with respect to a facility confirming the maximum number of laying hens that such producer may raise or keep in such facility at any point in time during all or a portion of the production period for that facility, and specifying the down-time with respect to that facility;

"maximum quota" means a boiler breeder laying hen quota of, or broiler breeder laying hen quotas which aggregate, 8,000 laying hens;

"broiler breeder laying hen quota" allotted to a registered producer for a facility means the maximum number of laying hens determined by the Commission which may be raised or kept by such producer in that facility during the production period for such facility;

"production period" with respect to a facility of a registered producer means the 52 consecutive week period specified by the Commission during which such producer may raise or keep laying hens in that facility pursuant to a broiler breeder laying hen quota allotted to such producer, inclusive of the down-time specified for that facility;

"quota" means a basic quota or a broiler breeder laying hen quota;

"registered producer" means a broiler hatching egg producer who is duly registered with the Commission and whose registration is in good standing.

PART II
ALLOCATION AND ADJUSTMENT OF QUOTA

Application for quota
2 Persons wishing to engage in the production of broiler hatching eggs shall make application to the Commission for the allotment of a basic quota, and for the allotment of a broiler breeder laying hen quota for each of his facilities. Every application shall be in writing in a form prescribed by the Commission and must be signed by the applicant and forwarded to the head office of the Commission.

Criteria for allotment of quota

3 Each applicant for the allotment of a basic quota must meet the following criteria:

(a) the applicant must be the registered owner or the sole operator of a facility which meets the requirements or standards for raising and keeping laying hens and handling broiler hatching eggs produced by such laying hens as the Commission may establish from time to time;

(b) the applicant must have available to him satisfactory arrangements for marketing the broiler hatching eggs produced by his laying hens.

Allotment and calculation of basic quota

4 Subject to the provisions of this Order, a registered producer's basic quota shall be equal to the number of laying hens shown opposite his name on the list of registered producers approved by the Commission on the 28th day of November, 1989, as same may be amended by resolution of the Commission from time to time to reflect alterations, or additions or deletions to same.

Allotment of broiler breeder laying hen quotas

5(1) Subject to the provisions of this Order, each registered producer shall be allotted a broiler breeder laying hen quota from time to time by the Commission for each of his facilities.

Calcualtion of broiler breeder laying hen quotas

5(2) Broiler breeder laying hen quotas may be varied from time to time by this Commission to reflect increases or decreases in market demand for broiler hatching eggs. Increases and decreases in broiler breeder laying hen quotas may be calculated by reference to the basic quotas allotted by this Commission pursuant to section 4 hereof.

Quotas not to exceed maximum quota

6 Notwithstanding anything set out in this Order, the aggregate of the broiler breeder laying hen quotas allotted to a registered producer shall not exceed maximum quota, provided that if a registered producer

(a) has been allotted a basic quota in excess of maximum quota by the Commission as part of the initial allocation in 1986, or

(b) has, as permitted pursuant to section 19 of this Order, been re-allotted a basic quota in excess of maximum quota by the Commission, or has been permitted to acquire an interest in a substantial holder in an entity that has been allotted a basic quota in excess of maximum quota,

this limitation shall not apply to such registered producer, but such producer shall not be entitled to broiler breeder laying hen quotas which aggregate in excess of his basic quota.

Production period

7 The production period of each registered producer for each of his facilities shall be specified by the Commission. A registered producer may apply to the Commission from time to time for a change in any such production period. Any such application should indicate the hatchery operator to whom the producer intends to market the broiler hatching eggs produced during such production period.

Activities within a production period

8 In allotting a broiler breeder laying hen quota, the Commission will specify the commencement dates and the termination dates during which time the producer may raise or keep all or a portion of the laying hens he is entitled to raise or keep during such production period pursuant to his broiler breeder laying hen quota, the facility or facilities in which such laying hens or any portion of them must be raised or kept, and will specify his down-time for each such facility. Such information will be shown on the Laying Hen Possession Certificate issued to such producer. A producer may apply to the Commission from time to time for a change in such activity dates.

Temporary adjustments

9 If the Commission estimates that:

(a) registered producers may produce more broiler hatching eggs during any particular time than the Commission estimates are required during that period of time, the Commission may, from time to time, require a registered producer to cease raising or keeping laying hens in a facility prior to the end of his production period, and may alter a producer's down-time with respect to a facility accordingly; or

(b) a registered producer will not be able to achieve sufficient broiler hatching egg production during any particular period of time, the Commission may:

(i) extend the production period of a registered producer and reduce his down-time; or

(ii) temporarily increase a broiler breeder laying hen quota of a registered producer.

PART III
TEMPORARY LAYING HEN PERMITS

Application for temporary laying hen permits

10(1) Any person may apply to the Commission for a temporary laying hen possession permit.

Term and terms of permits

10(2) The Commission may issue temporary laying hen possession permits for a term of not more than 38 weeks on such terms and conditions as the Commission may establish, and may suspend, attend, or cancel such permits.

PART IV
REDUCTION OR CANCELLATION OF QUOTA

Cancellation of quota on death, winding up, etc.

11 The Commission may cancel a quota allotted to a registered producer in the event of the death of the registered producer, the winding up or dissolution of the registered producer that is a corporation, or the dissolution of the registered producer that is a partnership.

Cancellation of quota on cancellation of registration

12 The quotas allotted to a person shall be automatically cancelled in the event he ceases to be a registered producer.

Other reduction or cancellation of quota

13 The Commission may suspend, reduce or cancel, either on a temporary basis or on a permanent basis, a quota:

(a) as set out in this Order; or

(b) where a producer has failed to comply with any regulation, order, or directive of the Commission; or

(c) where the facilities of a producer fail to meet the requirements or standards for raising and keeping laying hens and handling broiler hatching eggs produced by such laying hens as may be established by the Commission; or

(d) where a producer becomes insolvent or bankrupt or applies for a receiving order or has such an order made against it or takes any benefit from any Act for the time being in force for the relief of insolvent debtors, or if a receiver is appointed with respect to the laying hens or facilities used by a producer; or

(e) where a producer fails to make satisfactory arrangements with a hatchery operator for the purchase of his broiler hatching eggs; or

(f) if the Commission has reasonable grounds for believing that such action is in the interests of Manitoba producers and the broiler hatching egg industry.

PART V
OWNERSHIP OF QUOTAS

Quotas belong to the Commission

14 Quotas are the property of the Commission.

Quotas non-transferable by producer

15 The right to a quota allotted by the Commission is not negotiable, and no producer shall assign, sell or offer for sale, or receive payment for any such quota.

PART VI
PROHIBITIONS

Prohibitions

16(1) No person shall raise or keep laying hens unless he has been allotted a broiler breeder laying hen quota by this Commission or a temporary laying hen possession permit.

16(2) No person to whom this Commission has allotted a broiler breeder laying hen quota shall raise or keep laying hens in a facility during his production period which aggregate in excess of the broiler breeder laying hen quota allotted to him by this Commission for that facility.

16(3) No person to whom this Commission has issued a temporary laying hen possession permit shall raise or keep laying hens in excess of the number of laying hens specified on such permit.

16(4) Unless otherwise permitted by this Commission in writing, no person shall raise or keep laying hens other than in or on a facility that has been certified by this Commission for such purposes.

16(5) No person shall raise or keep laying hens unless he has been issued a Laying Hen Possession Certificate by this Commission.

16(6) No person shall raise or keep laying hens other than in or on the facility specified on the current Laying Hen Possession Certificate issued to such person by this Commission.

16(7) No person shall raise or keep laying hens in a facility unless a Laying Hen Possession Certificate issued to him is prominently displayed on that facility.

16(7) No person shall raise or keep laying hens in or on a facility at any point in time in excess of the number of laying hens specified on the current Laying Hen Possession Certificate issued to that person by this Commission for that facility for that point in time.

PART VII
GENERAL

Effect of sharing

17 Where two or more persons keep laying hens in partnership, or in circumstances in which there is a sharing by them whether familial, communal or otherwise, of facilities, equipment, labour or services provided directly or indirectly by all or any of them, or pursuant to a contract jointly or severally with the same corporation, firm or individual, for the purpose of this Order, the laying hens kept by one of those persons shall be deemed to have been kept by the other or others.

Acquisition of interests in excess of maximum quota prohibited

18 Notwithstanding anything contained in this Order but subject to sections 19 and 20, the Commission will take appropriate action to prevent a person from acquiring control of or acquiring a direct or indirect interest in broiler breeder laying hen quotas in excess of maximum quota.

Exception for grandfathered operations in excess of maximum quota

19 Notwithstanding section 18, but subject to compliance with Parts VIII and X, the Commission may:

(a) approve the re-allotment of quota in excess of maximum quota to a person who does not have a direct or indirect interest in quota at the time of such re-allotment; and

(b) suspend the provisions of section 24 if the proposed new beneficial or legal owner does not have a direct or indirect beneficial interest in a registered producer at the time of transfer of beneficial or legal ownership to him.

Exception for financial assistance to children

20 Notwithstanding section 18, the Commission may approve the provision of financial assistance by a registered producer to one or more children of the registered producer, or of a shareholder of a registered producer, or of a partner of a registered producer, for the purpose of enabling such child or children to acquire facilities and to become a registered producer. Any such approval will be subject to the applicants' satisfying the Commission that

(a) the broiler hatching egg production business of the child or children will be completely separate from and independent of the broiler hatching egg production business of such registered producer (i.e. the businesses will be carried on separate parcels of land, in separate facilities; there will be no sharing on a day-to-day basis of labour; there will be no commingling of supplies or feed; there will be no mutual ownership of any assets used in the businesses; there will be no sharing of profits or losses; the parties keep and maintain separate financial statements and file income tax return as separate entities); and

(b) such financial assistance is unsecured, directly or indirectly, with respect to the facilities and laying hens owned by the child or children; and

(c) the broiler hatching egg production business to be carried on by the child or children of the registered producer will operate completely independent of the registered producer.

The applicants shall provide the Commission with an Undertaking in a form acceptable to the Commission with respect to the matters set out in clauses (a) to (c) above.

Step-transactions prohibited

21 Notwithstanding anything contained in this Order, the Commission will take appropriate action to prevent a person from acquiring control of, or acquiring a direct or indirect interest in quotas through a process

(a) that involves more than one application to the Commission, or

(b) that does not disclose to the Commission, in conjunction with an application to the Commission for any re-allotment of quota, particulars of all contemplated or proposed future transactions which may involve

(i) a subsequent re-allotment of quota, or

(ii) a future change in the legal or beneficial ownership of an entity, or

(iii) an application to transfer a quota from one facility to another facility.

PART VIII
CHANGES IN BENEFICIAL OWNERSHIP OF REGISTERED PRODUCERS

Special definitions

22 In this Part,

"controlling party" means a person who directly or indirectly is the legal or beneficial owner of an aggregate of more than 50% of any class of the issued shares of, assets of, or interest in an entity;

"entity" includes an association, partnership, body corporate, trust or other organization;

"substantial holder" means a person who directly or indirectly is the legal or beneficial owner of an aggregate of 10% or more of any class of the issued shares of, assets of, or interest in an entity;

"transfer" includes a sale, purchase, mortgage, declaration of trust, or change in legal or beneficial rights.

Transfers by a substantial holder

23 In the event all or part of the beneficial or legal ownership of an interest in a substantial holder in an entity that is a registered producer is transferred by the legal or beneficial owner of such interest, the Commission may cancel or reduce the quotas of such registered producer unless the parties to such transfer have requested in writing that the Commission

waive this provision and have each provided the Commission, by Statutory Declaration and Certificate in a form acceptable to the Commission, with full particulars of the proposed transfer, and any other information with respect to the assets and liabilities of the entity at the effective date of such transfer, and the Commission has in its discretion waived this provision either conditionally or unconditionally.

Grounds for non-waiver re transfers

24 Subject to the provisions of section 19, the provisions of section 23 will not be waived by the Commission if the Commission has reasonable grounds for believing that as a result of such transfer a person would have a direct or indirect interest in a quota or quotas which aggregate in excess of maximum quota.

Bankruptcy or receivership of a controlling party

25 In the event a controlling party in an entity that is a registered producer becomes bankrupt or applies for a receiving order or has a receiving order made against it or takes the benefit of an act for time being in force for the relief of insolvent debtors, or if a receiver is appointed with respect to any interest of the controlling party in such registered producer, the Commission may cancel or reduce the quotas of such registered producer unless the registered producer or the trustee or receiver requests in writing that the Commission waive this provision and provides the Commission, by Statutory Declaration and Certificate in a form acceptable to the Commission, with full particulars of such happening and the Commission has in its discretion waived this provision either conditionally or unconditionally, provided however that the Commission will only waive such discretion on a temporary basis, and on terms and conditions, in order to allow the Trustee in Bankruptcy or Receiver reasonable time to dispose of such interest in the controlling party.

False or misleading information re transfers

26 In the event that the Commission has reasonable grounds for believing that any information provided to it by Statutory Declaration or Certificate is false or misleading, or that any conditions established by the Commission in waiving the provisions of section 23 or section 25 have not been met by the parties, the Commission may cancel or reduce the quotas of the registered producer whether or not the provisions of section 23 or section 25 have been previously waived by the Commission.

Reduction of requirements re certain transfers

27 The Commission may establish policies from time to time reducing its requirements under section 23:

(a) with respect to the transfer of shares of a corporation:

(i) from an individual to a member of his immediate family, or

(ii) listed on a public stock exchange unless 10% or more of the total outstanding shares of that class of the corporation are transferred, provided that this clause does not apply in respect of a series of transfers of shares within a period of eighteen (18) months by or to any one person that in the aggregate total 10% or more of the outstanding shares of that class of the corporation; and

(b) with respect to a change in the beneficial or legal ownership of an interest in a partnership that is a registered producer where the legal or beneficial ownership of an interest in such partnership is transferred from an individual to a member of his immediate family; and

(c) with respect to a change in the membership of a Hutterite Colony where that Hutterite Colony is a registered producer or is the sole legal and the sole beneficial owner of all of the issued share of a corporation that is a registered producer.

PART IX
ASSOCIATION OF REGISTERED PRODUCERS

Deemed association

28 In this Part a person is deemed to be associated with another person if:

(a) one person is an entity of which the other person is an officer, director or substantial holder; or

(b) one person is an entity of which the other person is a partner; or

(c) one person is an entity that is controlled, directly or indirectly, by the other person; or
(d) both persons are entities and one entity is controlled, directly or indirectly, by the same individual or entity that controls, directly or indirectly, the other person; or
(e) both persons are members of a voting trust where the trust controls or operates or has an interest in the other person; or
(f) both persons are associated within the meanings of clauses (a) to (e) with the same person.

Association of registered producers
29 In the event that a registered producer becomes associated with another registered producer, the Commission may cancel or reduce the quotas of such registered producers unless the registered producers have requested in writing that the Commission waive this provision and have each provided the Commission, by Statutory Declaration and Certificate in a form acceptable to the Commission, with full particulars of all persons having a direct or indirect interest in such registered producers and the Commission has in its discretion waived this provision either conditionally or unconditionally.

Grounds for non-waiver re association
30 The provisions of section 29 will not be waived by the Commission if the Commission has reasonable grounds for believing that as a result of such association a person would have a direct or indirect interest in a quota or quotas which aggregate in excess of maximum quota.

False or misleading information re association
31 In the event that the Commission has reasonable grounds for believing that any information provided to it by Statutory Declaration and Certificate is false or misleading, or that any conditions established by the Commission in waiving the provisions of section 29 have not been met by the parties, the Commission may cancel or reduce the quota of the registered producers whether or not the provisions of section 29 have been previously waived by the Commission.

PART X
RE-ALLOTMENT OF QUOTA

Complete farm sales
32 In the event a registered producer sells the land, buildings, and equipment used by him for raising or keeping laying hens, the Commission may re-allot the quotas used in association with such facilities to any purchaser provided it is satisfied that no value has been attributed to such quotas and that no more than fair market value has been paid for such facility.

In applying this provision the Commission may require an appraisal of the facility by a qualified appraiser to ascertain the fair market value of the facility using an appraisal method or methods approved by the Manitoba Council, such costs to be borne by the applicant(s).

The applicants will each be required to provide a Statutory Declaration in a form acceptable to the Commission confirming the sale and purchase consideration (both direct and indirect). All agreements between the registered producer and the purchaser (including a detailed listing of all assets included in such sale) shall be appended to such Statutory Declaration.

In the event that the Commission has reasonable grounds for believing that any information provided in such Statutory Declaration is false or misleading, the Commission may reduce or cancel the quotas in question, whether or not such quotas were re-allotted.

Sale of movable buildings and equipment
33 In the event a registered producer sells a building used by him in raising or keeping laying hens, the Commission may re-allot the quotas used in association with such building (and any equipment included in such sale) to such purchaser provided it is satisfied that:
(a) the condition of such building allows for the moving of the building to a new foundation on property owned by the purchaser; and

(b) the condition of such building and any such equipment included in such sale is such that same is capable of being used for a minimum period of two years after relocation and installation on the new foundation; and
(c) no more than fair market value has been paid for such building and equipment; and
(d) written consent is provided by all creditors of the registered producer who have been granted security with respect to such building (and any equipment included in the sale).

In applying this provision the Commission may require an appraisal of the building and equipment by a qualified appraiser to ascertain the fair market value of such building and equipment using an appraisal method or methods approved by the Manitoba Council, such costs to be borne by the applicant(s). In ascertaining whether no more than fair market value has been paid for such building and equipment, the costs of removing such building and equipment and relocating same on a new foundation on property owned by the purchaser shall be borne by the purchaser and shall be deducted from the appraised value of such building and equipment.

The applicants will each be required to provide a Statutory Declaration in a form acceptable to the Commission confirming the sale and purchase consideration (both direct and indirect) and any of the matters set out above. All agreements between the registered producer and the purchaser (including a detailed listing of all assets included in such sale) shall be appended to such Statutory Declaration.

The purchaser will be required to give to the Commission a written undertaking, in a form satisfactory to the Commission, verifying that the purchaser will use such building and equipment in connection with the re-allotted quotas for a minimum of two (2) years after relocation and installation of such building and equipment on the new foundation.

In the event that the Commission has reasonable grounds for believing that any information provided in such Statutory Declaration is false or misleading, the Commission may reduce or cancel the quotas in question, whether or not such quotas were re-allotted.

Lease of complete farm

34 In the event a registered producer leases the land, buildings, and equipment used by him in raising or keeping laying hens for a term not to exceed two (2) years in length, the Commission may temporarily re-allot the quotas used in association with such land, buildings and equipment to any lessee for the term of the lease provided it is satisfied that no value has been attributed to such quota and that no more than fair market rental for such facility is being paid under the lease arrangement directly or indirectly for the lease of such facility, or any other assets included in such lease (including any transaction with respect to laying hens).

In applying this provision the Commission may require an appraisal of the facility to ascertain the fair market rental of the facility using an appraisal method or methods approved by the Manitoba Council, such costs to be borne by the applicant(s).

The applicants will each be required to provide a Statutory Declaration in a form acceptable to the Commission confirming the rent consideration (both direct and indirect). All agreements between the registered producer and the lessee (including a detailed listing of all assets included in such lease) shall be appended to such Statutory Declaration.

In the event that the Commission has reasonable grounds for believing that any information provided in such Statutory Declaration or any requested Certificate is false or misleading, the Commission may reduce or cancel the quotas in question, whether or not the quotas were temporarily re-allotted.

At the end of the lease term such quotas shall automatically be re-allotted by the Commission back to the lessor. Any extension or renewal of a term under a lease will be treated as a new lease.

Bankruptcy or receivership or a registered producer

35 Notwithstanding clause 14(d), where a person who is a registered producer becomes a bankrupt or applies for a receiving order or has such an order made against him or takes the benefit of any Act for the time being in force for the relief of insolvent debtors, or if a receiver is appointed with respect to the laying hens or production assets of a registered producer, the Commission may, upon written request of the Trustee in Bankruptcy or the Receiver, temporarily re-allot to the Trustee in Bankruptcy or Receiver the quotas allotted to such producer upon terms and conditions as may be established by the Commission at the time of such temporary re-allotment.

Re-allotment of quota and dispensing with financial information on death, disability or retirement

36 In the event of the death, disability or retirement of any individual who is a registered producer, the Commission may, on written request of such registered producer or of the personal representative of such deceased registered producer, re-allot the quotas allotted to such registered producer to an heir or designated member of such registered producer's immediate family who becomes the owner of the land, building and equipment used by the registered producer for keeping laying hens without the necessity to provide the Commission with an appraisal of the facility or confirmation of any sale and purchase consideration.

Re-allotment of quota and dispensing with financial information on establishment of family partnership

37 Where an individual who is a registered producer enters into a partnership with a member of his immediate family, the Commission may, on written request of such registered producer, re-allot the quotas allotted to such registered producer to such partnership which becomes the owner of the land, buildings and equipment used by the registered producer for keeping laying hens without the necessity to provide the Commission with an appraisal of the facility or confirmation of any sale and purchase consideration.

Re-allotment of quota and dispensing with information on establishment of a corporation

38 Where an individual who is a registered producer incorporates a corporation controlled by himself and/or members of his immediate family, or where the partners who are registered producers incorporate a corporation owned by themselves in the same proportion as they owned interests in the partnership, the Commission may, on written request of such registered producer, re-allot the quotas allotted to such registered producer to such corporation which becomes the owner of the land, buildings and equipment used by the registered producer for keeping laying hens without the necessity to provide the Commission with an appraisal of the facility or confirmation of any sale and purchase consideration.

Partial and complete re-allotment of quota to related persons

39 The Commission may, upon application of a registered producer in writing, (herein called "the applicant") re-allot all or a portion of the quotas allotted to such applicant to another person (herein called "the recipient") in the following circumstances:

(a) with respect to an individual applicant, where the recipient is a member of such applicant's immediate family;

(b) with respect to a partnership applicant, where all partners in the partnership are members of the same immediate family and where the recipient is a member of that immediate family;

(c) with respect to a corporation applicant, where all legal and beneficial shareholders in such applicant are members of the same immediate family and where the recipient is a member of such immediate family;

(d) with respect to a Hutterite Colony applicant (or a corporation applicant which is a wholly owned subsidiary of a Hutterite Colony) where the recipient is a wholly owned subsidiary of such applicant, or a daughter-Hutterite Colony, or a corporation wholly owned by a daughter-Hutterite Colony. For the purpose of this provision a daughter-Hutterite Colony shall mean a Hutterite Colony recently created as a result of the division of the assets and the membership of a Hutterite Colony;

provided that no such re-allotment will be made until the recipient has established a separate facility owned and operated solely by him in which to keep laying hens, and further provided that the Commission is satisfied that no value has been attributed to such quota.

The applicants will each be required to provide a Statutory Declaration in a form acceptable to the Commission setting out the information specified therein and in the event that the Commission has reasonable grounds for believing that any information provided in such Statutory Declaration or an Application is false or misleading, the Commission may cancel or reduce the quotas in question, whether or not such quotas were re-allotted.

Re-allotment and maximum quota

40 Except as permitted by the Commission under section 19, no quota will be re-allotted to an applicant corporation or partnership if:

(a) any beneficial shareholder of such applicant corporation or any beneficial owner of the assets of such applicant partnership is:

(i) a registered producer, or

(ii) a beneficial shareholder in a corporation which is a registered producer, or

(iii) a beneficial owner of the assets of a partnership which is a registered producer

that has been allotted a quota or quotas which are equal to or aggregate in excess of maximum quota, or

(b) the Commission has reasonable grounds for believing that as a result of such re-allotment a person would directly or indirectly control or have an interest in quotas which aggregate more than maximum quota.

PART XI
FACILITIES

Quota to be allotted for a facility

41 In allotting a quota to a registered producer, the Commission will specify the facility in or on which the producer's laying hens, or any portion of such laying hens, must be raised or kept.

Capacity limitation for facilities

42 The Commission may certify the capacity of the facility of a registered producer from time to time. Such certified capacity will be calculated on the basis of two square feet of actual usable floor space per laying hen (not including feed, egg, or utility room space, or any other part of the facility). It is a condition of the allotment of a quota to a registered producer (unless otherwise indicated by the Commission in writing), that the quota of any such producer shall not exceed the certified capacity of the facility specified for use in connection with such quota at any time.

Standards for operating and handling

43 It is a condition of the allotment of a quota to a registered producer that such registered producer:

(a) equip and operate the facility in or on which such registered producer raises or keeps laying hens in such a manner as to provide proper ventilation, heating, feed and water, and sanitation for the laying hens kept in such facility;

(b) follow generally accepted management practices in handling broiler hatching eggs produced in his facility; and

(c) store broiler hatching eggs produced in his facility in a clean egg room which egg room shall at all times maintain a temperature of 16 degrees C to 18 degrees C (60 degrees F to 65 degrees F) and a relative humidity of 75% to 80%.

Relocation and consolidation of facilities
44(1) Subject to section 45, in the event that a registered producer has been allotted a portion of the quota allotted to him for one facility and a portion for another facility or facilities, he may apply to the Commission to transfer all or part of such quota from one facility to another facility or facilities on a temporary or a permanent basis. A registered producer may make application to relocate his laying hen and egg production activities to a new location.

Creditor consent for relocation
44(2) In conjunction with an application under subsection (1), such registered producer shall provide the Commission with such information as the Commission may require and such consents as the Commission may request from any creditor who has been given security on the facilities used by the registered producer.

No application for change of location or consolidation of facility following re-allotment or change in beneficial ownership for two years
45 In the event the Commission re-allots the quota allotted to a producer pursuant to Part X, or approves the change in beneficial ownership of a registered producer pursuant to Part VIII, or approves an association of persons who are registered producers pursuant to the provisions of Part IX, it shall be a condition of such re-allotment or such approval that such transferees must acknowledge that only in the event of an unforeseen contingency will such producer be permitted to apply to transfer such quota from the facility specified for use in connection with such quota at the time of re-allotment or approval to a facility located on another property for a period of at least two years following such re-allotment, change, or association.

Exception to two year moratorium on applications
46 The Commission may exempt a person from the provisions of section 45 with respect to a transfer or a change of the nature outlined in section 27, or with respect to re-allotment of quota pursuant to sections 36 to 38 inclusive.

Emergency relocation
47 The Commission may allow a registered producer to temporarily relocate his laying hens to another location in the event of an emergency, even if the registered producer is not the registered owner or the sole operator of the facility on that new location.

Examination of facilities
48 It is the condition of the allotment of quota to a registered producer that such registered producer allow any duly authorized representative of the Commission to examine and measure the interior and exterior dimensions of his facility and to calculate minimum space requirements per laying hen for the purpose of ascertaining compliance of same with the provisions of sections 42 and 43. Prior to such examination, the Commission will give reasonable notice to such registered producer of its intention to conduct such examination.

PART XII
REPEAL

Repeal
49 Manitoba Regulation 75/86 is repealed.

November 28, 1989

THE MANITOBA BROILER HATCHING EGG COMMISSION,
Per:

Russell W. Scott - Chairman

Ron Drohomereski - Vice-Chairman

APPROVED

December 11, 1989

THE MANITOBA NATURAL PRODUCTS MARKETING COUNCIL,

Per:

Howard Motheral - Chairman

Gordon H. MacKenzie - Secretary

The Queen's Printer for the Province of Manitoba

THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Broiler Hatching Egg Quota Order*

Regulation 296/89
Registered December 19, 1989

Definitions
1 In this order,

"Agency" means the Canadian Broiler Hatching Egg Marketing Agency;

"combined allotment" means the aggregate of the interprovincial quota and the intraprovincial quota allotted to a broiler hatching egg producer;

"interprovincial quota" means the number of broiler hatching eggs that a broiler hatching egg producer is entitled, under Regulations made by the Agency, to market in interprovincial trade during any calendar year;

"intraprovincial quota" means the number of broiler hatching eggs that a broiler hatching egg producer is entitled, under this Order, to market in intraprovincial trade during any calendar year.

Entitlement to an intraprovincial quota
2 No broiler hatching egg producer is entitled to an intraprovincial quota unless that producer has been allotted a broiler breeder laying hen quota by the Commission.

Application for intraprovincial quota
3 Any person who has been allotted a broiler breeder laying hen quota by the Commission wishing to market broiler hatching eggs may make application to the Commission for the allotment. Every application shall be in writing in a form prescribed by the Commission and must be signed by the applicant and forwarded to the head office of the Commission.

Assignment of rate of lay
4 The rate of lay of each registered producer shall be that shown opposite his name on a list of registered producers approved by the Commission on the 28 day of November, 1989, as same may be amended from time to time by resolution of the Commission.

Calculation of combined allotment
5 Subject to section 6, the combined allotment of a broiler hatching egg producer from time to time shall be calculated by multiplying the number of broiler breeder laying hens comprising the broiler breeder laying hen quota of that producer by the rate of lay assigned to that producer by the Commission.

Temporary adjustment of combined allotment
6 A broiler hatching egg producer may apply to the Commission for a temporary increase to his combined allotment. No such increase will be granted unless the Commission is satisfied that
(a) the broiler breeder laying hens currently being kept by that producer are producing at a rate of lay higher than that indicated on the list referred to in section 4;
(b) the applicant has a market for more broiler hatching eggs than his combined allotment; and
(c) the granting of such increase will not result in the marketing of broiler hatching eggs produced in Manitoba in excess of the quantity negotiated by the Commission with the Canadian Broiler Hatching Egg Agency.

* This order is made under the Manitoba Broiler Hatching Egg Marketing Plan Regulation, Manitoba Regulation 240/87R and is Order 3/89 of the Commission.

Calculation of intraprovincial quota
7 The intraprovincial quota of a broiler hatching egg producer shall be equal to the combined allotment of that producer minus the number of broiler breeder hatching eggs marketed by that producer in interprovincial trade in that calendar year.

Cancellation of intraprovincial quota
8 The intraprovincial quota of a person shall be automatically cancelled in the event that person's broiler breeder laying hen quota is cancelled, or in the event that person ceases to be registered producer.

Ownership of intraprovincial quota
9 Intraprovincial quotas are the property of the Commission.

Intraprovincial quota non-negotiable
10 The right to an intraprovincial quota allotted by the Commission is not negotiable, and no person shall assign, sell or offer for sale, or receive payment for any such quota.

Temporary egg marketing permit
11 The Commission may assign a temporary egg marketing permit to a person who has been assigned a temporary laying hen permit.

Marketing without quota or permit prohibited
12 No person shall market broiler hatching eggs in intraprovincial trade unless an intraprovincial quota or temporary egg marketing permit has been allotted to that person.

Marketing in excess of quota or permit prohibited
13 No person shall market broiler hatching eggs in intraprovincial trade in excess of the intraprovincial quota or temporary egg marketing permit allotted to that person.

Effective date
14 This order shall come into effect on the 1st day of January, 1990.

November 28, 1989

THE MANITOBA BROILER HATCHING EGG COMMISSION:

Russell Scott, Chairman

Ron Drohomereski, Vice-Chairman

APPROVED

December 11th, 1989

THE MANITOBA NATURAL PRODUCTS MARKETING COUNCIL:

Howard Motheral, Chairman

Gordon H. MacKenzie, Secretary

The Queen's Printer for the Province of Manitoba

THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Broiler Hatching Egg Penalty Levies Regulation*

Regulation 297/89
Registered December 19, 1989

Registered producers
1 A levy is imposed on each person to whom this Commission has allotted an intraprovincial quota of 17.5¢ per broiler hatching egg marketed by such person in excess of the intraprovincial quota allotted to that person for that calendar year.

Temporary egg marketing permit holders
2 A levy is imposed on each person to whom this Commission has allotted a temporary egg marketing permit of 17.5¢ per broiler hatching egg marketed by such person in excess of the quantity of broiler hatching eggs specified in that temporary egg marketing permit for the term of the permit.

Unauthorized marketings
3 A levy is imposed on each person who markets broiler hatching eggs and who has not been allotted an intraprovincial quota or a temporary egg marketing permit by this Commission authorizing such marketings of 35¢ per broiler hatching egg marketed by such person.

Payment of levies
4 The levies imposed under this Regulation shall be due and payable to this Commission at its office, #201-666 St. James Street, Winnipeg, Manitoba, within 7 days following delivery of notice in writing to such person by this Commission of the amount of the levy calculated by this Commission to be owing by such person to this Commission.

Effective date
5 This Regulation comes into force on the 1st day of January, 1990 or on the date it is filed with the Registrar of Regulations, whichever shall be later.

November 28, 1989

THE MANITOBA BROILER HATCHING EGG COMMISSION:

Russell Scott, Chairman

Ron Drohomereski, Vice-Chairman

APPROVED

December 11th, 1989

THE MANITOBA NATURAL PRODUCTS MARKETING COUNCIL:

Howard Motheral, Chairman

Gordon H. MacKenzie, Secretary

* This regulation is made under the Manitoba Broiler Hatching Egg Marketing Plan Regulation, Manitoba Regulation, 240/87R and is Regulation 2/89 of the Commission.

The Queen's Printer for the Province of Manitoba

Hatchery Operations Report, MBHEC:1989

1989 PERIOD SUMMARY	Total Eggs Set	Imports	Inter In	Inter Out	Net Production
Jan 1-Jan28	1,591,063	343,010	43,560	156,780	1,361,273
Jan29-Feb25	1,751,544	283,472	82,402	107,556	1,493,226
Feb26-Mar25	2,125,942	460,039	52,095	0	1,613,808
Mar26-Apr22	2,205,982	671,651	67,313	0	1,467,018
Apr23-May20	2,295,715	830,915	42,260	37,922	1,460,462
May21-Jun17	1,926,019	497,635	34,687	10,416	1,404,113
Jun18-Jul15	1,816,244	331,996	38,310	0	1,445,938
Jul16-Aug12	1,737,409	347,922	26,175	0	1,363,312
Aug13-Sep 9	1,688,208	353,836	50,868	18,000	1,301,504
Sep10-Oct 7	1,671,769	328,652	0	46,980	1,390,097
Oct 8-Nov 4	1,620,673	346,183	17,658	0	1,256,832
Nov 5-Dec 2	1,568,068	280,184	85,963	0	1,201,921
Dec 3-Dec30	1,586,627	429,850	140,255	0	1,016,522
Y-T-D TOTALS	23,585,263	5,505,345	681,546	377,654	17,776,026

Hatchery Operations Report, MBHEC:1989

Quarter	Total Eggs Set	Imports	Inter In	Inter Out	Net Production
1/89	6,014,825	1,230,600	191,349	264,336	4,857,212
2/89	6,805,846	2,048,541	148,038	48,338	4,657,605
3/89	5,563,776	1,169,987	98,283	64,980	4,360,486
4/89	5,200,816	1,056,217	243,876	0	3,900,723
Y-T-D Totals	23,585,263	5,505,345	681,546	377,654	17,776,026

Source: Weekly Hatchery Information Reports

MANITOBA BROILER HATCHING EGG AND CHICK MOVEMENT

Table 1

Imports/Exports/Net Trade Of Hatching Eggs And Chicks

	Imports		Exports		Surplus (Deficit)	
	Eggs	Chicks	Eggs	Chicks	Eggs	Chicks
1985	5,273,000	28,000	0	0	(5,273,000)	(28,000)
1986	5,916,000	0	0	0	(5,916,000)	0
1987	5,773,000	0	0	0	(5,773,000)	0
1988	5,404,680	0	0	0	(5,404,680)	0
1989	5,163,000	0	0	0	(5,163,000)	0

Table 2

Interprovincial Movement To/From Manitoba

	Eggs		Chicks		Net Flow	
	To	From	To	From	Eggs	Chicks
1985	1,082,333	304,515	333,231	490,629	(777,818)	157,398
1986	606,951	1,314,955	340,363	643,295	708,004	302,932
1987	1,499,101	714,587	376,864	417,156	(784,514)	40,292
1988	760,510	583,464	287,072	553,288	(177,046)	266,216
1989	503,205	1,258,768	56,565	449,847	755,563	393,282

Table 3

	Total Eggs Set	Overall Net Trade Position		% Net Trade Of Total
		Eggs	Chicks	
1985	21,275,000	(6,050,818)	129,398	28.4
1986	21,663,000	(5,207,996)	302,932	24.0
1987	24,491,000	(6,557,514)	40,292	26.8
1988	23,792,020	(5,581,726)	266,216	23.5
1989	23,702,000	(4,407,437)	393,282	18.6

Source : Agriculture Canada, Hatchery Review

* Please Note:

Agriculture Canada has acknowleged that there is a problem with the 1989 numbers for Manitoba. This is the reason for the delay in publishing the fourth quarter Hatchery Review for the year 1989. The page titled Hatchery Operations Report, MBHEC: 1989, which is shown earlier in this report, contains numbers which are beleived to be closer to reality than those which appear on this page.

HATCHABILITY OF EGGS SET IN REGISTERED HATCHERIES

CHICKEN BROILER STOCK

	1985	1986	1987	1988	1989
B.C.	81.7	81.9	82.0	80.8	80.1
Alta.	77.4	76.2	77.1	75.3	76.0
Sask.	77.8	76.2	74.9	76.2	76.6
Man.	76.4	75.3	76.1	75.8	76.2
Ont.	78.4	77.7	77.2	77.1	72.0
Que.	80.7	80.0	79.8	79.2	76.0
Atl.Prov.	78.4	77.9	78.3	75.1	75.6
CANADA	79.2	78.5	78.4	77.8	78.0

Source: Hatchery Review - Agriculture Canada

HATCHERY CLOSURES

During 1989, some significant changes occurred within the broiler hatching egg sector of the Manitoba chicken industry.

Early in the year Canada Packers Inc. announced its' intention to discontinue poultry processing and broiler hatching operations. As well, no further replacement breeder flocks were to be ordered for those producers who marketed broiler hatching eggs to the Company's hatchery, and hatchery and growing barns were to be offered for sale. The company did undertake to purchase broiler hatching eggs from existing breeder flocks until completion of their current production cycle or until an alternative market had been secured.

The hatchery has since been sold to a former competitor and at year end, 5 of the former broiler hatching egg producers had not yet been successful in arranging an alternate market.

P & H Foods also announced early in 1989 their intent to discontinue broiler hatching and chicken processing operations and the last regular setting of broiler hatching eggs purchased from their producer suppliers occurred on March 22, 1989. All producers were successful in making arrangements with an alternative hatchery without interruption in production cycles. This hatchery continues to incubate some broiler eggs on a seasonal basis.

MAY & EILER
CHARTERED ACCOUNTANTS
50 GLEN AVENUE
WINNIPEG, MANITOBA
R2M 1V5

W. C. MAY, C.A.
L. K. EILER, B.A., C.A.

AUDITOR'S REPORT

TO THE MEMBERS OF THE COMMISSION:

We have examined the balance sheet of the Manitoba Broiler Hatching Egg Commission as at December 31, 1989 and the statements of operations and retained income and changes in cash position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances, except as explained in the following paragraph.

In common with many agricultural products marketing agencies, the Commission derives income from fees charged to producers based on their marketings. The nature of administrative fees and the structure of the collection system prevents verification that all fees due to the Commission were reported. Our verification of fee income was limited to accounting for amounts reported by the registered hatcheries and recorded in the accounts of the Commission.

In our opinion, except for the effects of any adjustments which might have been required had we been able to verify administrative fee income beyond that recorded in the accounts, these financial statements present fairly the financial position of the Commission as at December 31, 1989 and the results of its operations and the changes in its cash position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

May + Eiler

Winnipeg, Manitoba
January 14, 1990

Chartered Accountants

THE MANITOBA BROILER HATCHING EGG COMMISSION

BALANCE SHEET

FOR THE YEAR ENDED DECEMBER 31, 1989

(with 1988 figures for comparison)

	1989	1988
ASSETS		
CURRENT ASSETS:		
Cash	$ 11,400	$ 9,654
Accounts receivable	8,608	7,043
Total current assets	20,008	16,697
OFFICE FURNITURE AND EQUIPMENT - at cost (Note 2)	17,881	17,232
Less accumulated depreciation	7,163	4,564
Net office furniture and equipment	10,718	12,668
OTHER ASSETS:		
Deferred capital base interest and security deposits	2,964	4,000
TOTAL	$ 33,690	$ 33,365
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 6,259	$ 6,375
Capital lease payments due in 1990	3,282	3,282
Total current liabilities	9,541	9,657
NON-CURRENT LIABILITY:		
Capital lease obligation (Note 4)	5,115	8,397
Less current portion	3,282	3,282
	1,833	5,115
EQUITY		
RETAINED INCOME	22,316	18,593
TOTAL	$ 33,690	$ 33,365

Approved by the Members:

_____ Member _____ Member

THE MANITOBA BROILER HATCHING EGG COMMISSION
STATEMENT OF OPERATIONS AND RETAINED INCOME
FOR THE YEAR ENDED DECEMBER 31, 1989
(with 1988 figures for comparison)

	1989	1988
INCOME:		
Administrative fees from producers and hatcheries under provincial regulation	$ 85,655	$ 78,468
	85,655	78,468
EXPENSE:		
Depreciation	2,598	2,173
Equipment operation	252	1,793
Insurance	800	860
Interest and bank charges	756	778
Lease of office space	9,107	8,566
Legal and audit fees	14,583	11,164
Members' per diems and travel expenses (Note 3)	37,117	37,789
Memberships in other organizations	-	1,000
Office supplies	1,693	1,999
Postage and courier	475	514
Salaries and benefits	10,934	9,327
Telephone	2,545	2,679
Other	1,072	1,345
	81,932	79,987
NET INCOME (LOSS) FOR THE YEAR	3,723	(1,519)
RETAINED INCOME AT BEGINNING OF THE YEAR	18,593	20,112
RETAINED INCOME AT END OF THE YEAR	$ 22,316	$ 18,593

THE MANITOBA BROILER HATCHING EGG COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1989

1. ACTIVITIES OF THE COMMISSION:

The Commission was established under the Statutes of Manitoba on April 10, 1985. The Commission is responsible for the admimistration of regulations respecting the marketing of broiler hatching eggs and chicks within Manitoba. The Commission collects administration fees from producers and hatcheries under a method determined and authorized by provincial statute.

The Commission is an agent of The Canadian Broiler Hatching Egg Marketing Agency for purposes of collecting the producer levy of that organization. Levies collected in 1989 totalled $27,460 (1988 - $23,958).

2. SIGNIFICANT ACCOUNTING POLICIES:

Administrative fee revenue is accrued on the basis of the hatch date of eggs produced.

Office furniture and equipment is stated at cost. Depreciation is provided for using the declining balance method at a rate of 20%.

3. MEMBERS' PER DIEM AND TRAVEL EXPENSES:

Members are entitled to remuneration of $100 per diem, chairman $125 per diem, and reimbursement for travel expenses incurred by them in attending meetings on behalf of the Commission. Payments during the year are as follows:

	Per Diem	Expenses
R. Scott	$ 26,781	$ 1,626
B. McLaughlin	800	761
F. Taylor	1,000	-
R. Drohomereski	1,500	603
W. Doerksen	50	48
J. Suderman	2,100	1,848
	$ 32,231	$ 4,886
1988	$ 30,406	$ 7,383

THE MANITOBA BROILER HATCHING EGG COMMISSION
STATEMENT OF CHANGES IN CASH POSITION
FOR THE YEAR ENDED DECEMBER 31, 1989
(with 1988 figures for comparison)

	1989	1988
OPERATING ACTITIVIES:		
Net income (Loss) for the year	$ 3,723	$ (1,519)
Add non-cash items		
Depreciation	2,598	2,173
Amortization of capital lease interest	1,036	691
	7,357	1,345
Change in accounts receivable	(1,565)	(2,197)
Change in accounts payable and accrued liabilities	(116)	(5,763)
	5,676	(6,615)
INVESTING ACTIVITIES:		
Purchase of office furniture and equipment	(648)	(7,949)
	(648)	(7,949)
FINANCING ACTIVITIES:		
Capital lease obligation assumed	-	10,585
Capital lease obligation repayments	(3,282)	(2,188)
Deferred capital lease interest	-	(3,193)
	(3,282)	5,204
CHANGE FOR THE YEAR	1,746	(9,360)
CASH AT THE BEGINNING OF THE YEAR	9,654	19,014
CASH AT THE END OF THE YEAR	$ 11,400	$ 9,654

( ) denotes use of cash.

THE MANITOBA BROILER HATCHING EGG COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1989

4. CAPITAL LEASE OBLIGATION:

The Commission has entered into a capital lease for certain office equipment. The term of the lease is 37 months from May 1988 at a monthly rate of $273. The Commission has an option to purchase the equipment at the end of the period for $1. The equipment is included at cost of $7,390 in office furniture and equipment. Lease payments are $3,282 in 1990, and $1,833 in 1991.

5. COMMITMENT:

The Commission has entered into an operating lease for office space at a base rental of $8,974 per annum until January, 1991.

6. CONTINGENCY:

Under the Federal-Provincial Agreement for Broiler Hatching Eggs the Commission has agreed to pay liquidated damages of 17.5¢ per egg produced in excess of the quantity allotted in any year to the Canadian Broiler Hatching Egg Marketing Agency. In the opinion of management the Commission has not exceeded the 1989 allotment.

7. COMPARATIVE FIGURES

Certain of the 1988 comparative figures have been reclassified to conform with the current year's presentation.